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FM AMEMBASSY SANTO DOMINGO  
TO RUEHC/SECSTATE WASHDC PRIORITY 9328  
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY  
RUEHWN/AMEMBASSY BRIDGETOWN PRIORITY 2105  
RUEHCV/AMEMBASSY CARACAS PRIORITY 0827  
RUEHGE/AMEMBASSY GEORGETOWN PRIORITY 1014  
RUEHKG/AMEMBASSY KINGSTON PRIORITY 2799  
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 1146  
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4709  
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1847  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY 1698  
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SUBJECT: SANTO DOMINGO ECONOMIC-POLITICAL ROUNDUP, OCTOBER  
5, 2007

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[1. \(SBU\) President Fernandez's UNGA Speech](#)

In his September 27 speech to the UN General Assembly, President Fernandez expressed concern over the worldwide rise in prices of petroleum and foodstuffs, saying, "We are facing a very dangerous situation, one which could result in our peoples facing widespread famine and a collapse into extreme poverty." Continuing his discussion of economic issues, Fernandez took a swipe at his domestic opposition, the PRD party, noting that from 2000 to 2004 (i.e. during a PRD administration), "the national currency suffered a devaluation of 100 percent." Fernandez also called for reform of the UN's "Cold War" structure, stating that, "Dominicans do not understand why, in the 21st century, the President of the World Bank must always be an American and the Managing Director of the IMF a European." (Note: We view Fernandez's rhetoric as directed at the developing countries which hold the most votes in the UN General Assembly. UNGA members will soon choose between the Dominican Republic and Costa Rica for a nonpermanent seat on the Security Council. End note.)

[2. \(SBU\) Allegation that Opposition Working Against Security Council Bid](#)

The newspaper "Diario (at) Diario" reported on October 4 that the opposition PRD party was working to defeat the Government's candidacy for a UN Security Council seat. According to the allegations, the PRD, a member of the Socialist International (SI), encouraged governments headed by other SI member parties to vote for Costa Rica. The PRD's

motivation, the report alleges, was to deny President Fernandez and his PLD party a prestigious victory prior to the 2008 presidential election. (Note: These allegations appeared in a small newspaper and the story has not been confirmed. We report it because, if true, it would be troubling that a Dominican political party would attempt to block the achievement of an important national UN candidacy.)

### 13. (SBU) The Future of the IMF Stand-By Agreement

The IMF Stand-By Agreement with the Dominican Republic is scheduled to end on January 31, 2008. The GODR has not yet indicated whether it will seek to negotiate a new Agreement. However, several government officials, including the Finance Minister Vincente Bengoa, have commented in the press that the DR does not need another IMF accord. On the other hand, private sector organizations such as the Chamber of Commerce of Santiago have spoken out in favor of a renewed Agreement. Those pressing for a new IMF Agreement argue that it is the only way to reign in government spending in the lead up to the Presidential elections scheduled to be held in May 2008. The local IMF Representative, Eric Offerdal, told visiting U.S. Treasury officers that while some government officials have privately expressed their support for a new Agreement, they do not believe it is politically feasible to negotiate an accord before the election. President Fernandez will make the final decision. Offerdal said the IMF would continue to offer technical assistance and policy advice to the GODR even if a new Agreement is not signed. He added that he does not expect the government to completely go off track in its spending in the lead up to the election. However, he does expect a dip in revenue collection and an increase in spending similar to what was seen in advance of the 2006 congressional elections.

### 4.(U) Minister of Finance Visits Venezuela Seeking Increase in PetroCaribe Quota

The Minister of Finance, Vicente Bengoa, traveled to Venezuela on October 2 to request an increase in the Dominican Republic's oil quota under the PetroCaribe agreement. Upon his return from Venezuela, Bengoa stated that the DR had restored its originally agreed to maximum quota of 50,000 barrels per day, which is roughly 30 percent of the country's daily consumption of oil, up from the 30,000 barrels per day it has been importing. The decision to request the increase was motivated by the increasing price of oil and the nation's complete dependence on imported supplies not only for transportation purposes but also for the majority of its electric power generation. In an important change to the DR's PetroCaribe agreement, the reestablished quota will include fuel-oil and diesel as well as oil imports. Bengoa's trip comes on the heels of President Fernandez's remarks at the UN General Assembly at which he stated that the rise in international oil prices threatens the Dominican Republic's prospects for development. In a move that should diversify some of the country's reliance on imported oil, the U.S. energy company AES Dominicana announced plans on October 4 to build a pipeline from its natural gas power plant outside of Santo Domingo to the Electric Company of San Pedro de Macoris in the southeastern part of the country. This project will convert an older, expensive and inefficient oil-fired power plant, which was financed by the World Bank, to natural gas and is anticipated to reduce costs and pollution emissions once completed in approximately 9 to 12 months.

### 15. (U) Technological Upgrade in Land Titles, Land Use Planning

The Supreme Court recently announced a massive upgrade to processing of land titles using French-designed GPS technology and fixed repeater stations. This technology allows a single worker carrying a portable GPS unit to record the exact delineation of plots, which is then automatically transmitted to a central government database operated by the judiciary's Office for Real Property. In combination with Inter-American Development Bank-funded efforts to convert existing paper titles into publicly accessible electronic

documents, this upgrade should speed legitimate purchases of land, increase governmental transparency, and assist in quieting title in cases of controversy. This technology, if properly implemented, shows great promise for the first serious indigenous attempts to engage in urban planning. Military applications are also evident. (Note: In announcing the role-out of this initiative, Supreme Court President Subero Isa chose to repeatedly stress the "foreign imposition" of a land title system that supplanted the previously existing community property regime in the Dominican Republic. While the Haitian "invaders" certainly got their due during a lengthy examination of 19th Century jurisprudence, U.S. interest in "protecting big sugar interests" was repeatedly highlighted by Subero Isa as a negative consequence of repeated military interventions in the 20th Century during the course of the over two-hour event.)

(U) This report and additional information can be found on Embassy Santo Domingo's SIPRNET site,  
<http://www.state.sgov.gov/p/wha/santodomingo/>  
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